Managing NIH Grants

Grants Management
Key Systems to be considered

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Overview of Presentation

- NIAID objectives:
    - To add to scientific knowledge base
    - Improve management of NIH grants
- NIAID Contract with MDSI
    - Improve management of NIH awards through financial systems review
- Benchmark of good systems – Key Systems to be considered
- Common problems/areas of improvement

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FOS Overview - 1

- What is a financial systems review?
  - Review of administrative and financial systems using the Foreign Organization System (FOS) review document
    - Ability to manage US funds in an accountable manner
- What the FOS is not
  - Not an audit

FOS Overview - 2

- FOS benefits the grantee
  - Assists Grantee to comply with NIH terms and conditions
  - Provides a global look at internal procedures
  - Promotes understanding between PIs and Administrators

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FOS Overview – 3

- Timetable
- Conducted on site
- Documents needed
  - Completed FOS
  - Copies of other documents
- Grantee attendees
  - PI and Co PIs
  - Chief Administrative/Financial officer
    - staff
  - University/Institutional head
    - courtesy visit

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Key Systems To Consider

1. General
2. Application preparation
3. Policies and procedures
4. Grant monitoring after award
5. Fiscal and scientific overlap
6. Standards of conduct
7. Consortium arrangements
8. Indirect costs
9. Records management

10. Banking arrangements
11. Budget preparation and controls
12. Accounting system
13. Personnel
14. Internal Controls
15. Procurement
16. Property/Asset Management
17. Travel

Key Systems – 1

- General
  - Good organizational charts
  - Responsible persons are identified
    - Clearly delegated authority

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Key Systems – 2

- **Application Preparation**
  - Prepared by PI
    - Reviewed and supported by institution
    - If consortium, reviewed by members
  - Budget preparation
    - Supported by verifiable information
    - Based on true costs
    - Reviewed by accounting

Key Systems – 3

- Policies and Procedures
  - Written and well documented
  - Formulated by institution
  - All staff are trained in them
- Grant monitoring after award
  - Periodic programmatic reviews
  - Financial review of actual vs. budget

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Key Systems – 4

- **Fiscal and Scientific Overlap**
  - Avoid duplication of payment for
    - same research
    - same equipment
    - time of researchers
- **Standards of conduct**
  - Conflict of interest

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Key Systems – 5

- Consortium Arrangements
  - Standard agreement
  - Performance and cost is monitored
- Indirect Costs
  - Clearly identified
  - Properly used

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Key Systems – 6

- **Records Management**
  - Covers scientific and administrative records
    - Written policies and procedures
    - Where and for how long are they stored
    - How disposed

- **Banking arrangements**
  - Separate bank account for the grant
  - Maintain account into which funds can be transferred electronically
  - Authorized signatories (preferably 2)

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Key Systems – 7

- Budget preparation and controls
  - Reviewed by accounting for accuracy
  - Source (cost) information is documented
  - Once approved
    - Changed by authorized person(s)
    - Monitored monthly/quarterly
      - actuals vs. budget

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Key Systems – 8

- ## Accounting system
  - Accounting personnel are knowledgeable in NIH terms and conditions
  - Double entry accrual accounting used
  - Project/job cost ledger for the specific grant

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Key Systems – 9

- **Personnel**
  - **Written policy manual**
    - Job descriptions
    - Annual evaluations
    - Time and attendance is recorded
- **Payroll**
  - Prepared based on attendance records
  - Verified by a second person
  - Distributed by PI/accounting/direct deposit

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Key Systems – 10

- **Internal Controls**
  - **Accounts audited annually**
    - by independent accountant
    - OMB A133 requirement
    - by internal/government auditors
  - **Financial systems comply with NIH standards**
  - **Separation of duties**
  - **Blank checks management**

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Key Systems – 11

- Procurement
  - Written policies
  - Purchases approved by authorized manager
  - Three quotations for large purchases
  - Blanket purchase orders for supplies
- Property/Asset Management
  - Capital expenditure is defined
  - Items are recorded in register and managed
    - Property tags
    - Annual inventory
    - Disposal is authorized and recorded

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Key Systems – 12

- Travel
  - Written policies
  - How is travel approved
  - How are expense claims verified

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Common Areas for Improvement

- Budgeting for true costs
- OMB A 133 audits
- Terms and conditions of the NIH grant
- Banking arrangements for transfer of funds
- Time and attendance records
- Salary supplements
- Written policies and procedures
- Standardize sub grant and consortium agreements

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FOS Conclusion

- The review process is painless
- Not designed to audit but understand and help
- Benefits to grantees
  - Shows areas where changes need to be made
  - Gives global overview of scientific and administrative procedures and policies
  - Gives PIs and administrators better knowledge of each others' responsibilities under NIH grants
  - Promotes understanding between them

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Conclusion

- We have discussed
  - NIAID's desire to assist in managing NIH grant funds
  - The FOS review
  - Key Systems to be considered in Grants Management
    - Common areas for improvement

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Thank You

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